Condition of bidding for LNG supply to Kavas Gandhar Station

1642. SHRI K. KALAVENKATA RAO:
SHRI C. RAMACHANDRAIAH:
SHRIMATI KAMLA MANHAR:

Will the Minister of POWER be pleased to state:

(a) whether the National Thermal Power Corporation (NTPC) have made major amendments in the bidding conditions for three million ton LNG supply contract for Kavas Gandhar Stations;

(b) if so, the details thereof and reasons therefor;

(c) whether the amendments were carried out after NTPC opened the techno commercial bids for the 17 year firm contract; and

(d) if so, the reasons therefor and whether any irregularities have been noticed by the vigilance department and if so, the action taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) and (b) National Thermal Power Corporation (NTPC) issued Request for Proposal (RFP) document to the qualified bidders for Kavas Gandhar Stations. This envisaged a pre-bid conference with the bidder, which was held on 15th and 16th May, 2003. Based on the interaction in the pre-bid conference RFP was reviewed and amendments to certain clauses/articles of RFP were issued to all the bidders. The details thereof and reasons therefor are given in the enclosed Statement.

(c) No, Sir.

(d) Do not arise in view of (c) above.

Statement

Amendments to certain clause/articles of RFP of NTPC

1. Price Currency

As per the RFP documents, the bidders for Services and Bidders for supply of Natural Gas are allowed to quote in INR only.

As per the amendment, Bidders for supply of Natural Gas and Providing Services are allowed to quote in US $ of INR or combination of US $ and INR at their own choice.

2. Price Adjustment

As per the RFP documents, the Prices are required to be quoted on FIRM price basis without any price adjustment.

As per the amendment, a clause has been introduced allowing 15% of the contract price be subject to price adjustment to compensate Bidders for fluctuations in price of operating cost.

3. Financial Evaluation

As per the RFP documents the evaluation of the Financial proposal is to be carried out on NPV basis.

As per the amendment the criteria for selection shall be the least delivered cost of Fuel Supply option from amongst RLNG and Natural Gas route as on the date of opening of Financial Proposal.

4. Development Guarantee (DG)

As per the RFP documents, the selected bidder is required to furnish a DG for a value of US$ 20 million and with validity up to commencement of the fuel supply.

As per the amendment the DG value shall be of US $ 4 Million or INR 200 Million for LNG/NG supply (US$ 1 Million or INR 50 Million for Providing Services) and the validity of DG shall be upto CP satisfaction date plus 30 days.

5. Conditions Precedent Provisions

As the RFP Document encashment of DG was linked to Condition Precedent (CP) satisfaction. Bidders have perceived it as a Risk.

The Provisions had been reviewed and amendments made on following principles:

- The unilateral right to waive off its own CPs by NTPC has been deleted.
- Right to encash Development Guarantee only in case CP is satisfied by NTPC.

6. Take or Pay in First Year

In the RFP document, on Take or Pay (ToP) provision is envisaged in the First Year of supply (*i.e.* build up period). Many bidders have requested NTPC to provide ToP in the first year and accordingly the provisions of ToP is amended to include the same.

7. Most Favoured Customer

As per the RFP document, the Seller/Developer is required to offer the price and the corresponding terms, which were agreed with the other contracted customers if that contract price is lower than the price agreed with NTPC.

The provision is amended to limit it to "the customers in India".

8. The Interest Rate

The interest rate for delayed payment in the existing bid documents have been specified as LIBOR.

The interest rate for delayed payment has been amended as LIBOR +1% in case of Contract Price being in US$.

9. Termination

(i) As per the bid document, NTPC has the right to terminate the agreement if at any time during the operation of this Agreement, Buyer is not able to off-take LNG for a consecutive period of 3 Months, except where Buyer is not able to off-take LNG on account of the occurrence of an event of Force Majeure.

As per the amendment, this provision is deleted. However, to limit the ToP liability of NTPC in case of continuous non off-take of LNG the clause has been suitably amended.

(ii) As per the existing bid document, in case of non-payment by NTPC, bidders have right to suspend the delivery, however no right has been provided for the bidder to terminate the agreement.

The Article has been suitably amended allowing for Termination.

10. LNG Ships

As per RFP document, ships for transporting LNG should be Indian Flag Ships. Bidders have expressed difficulty to the stipulation of the above provision. Based on clearance from Ministry of Shipping, the document has been amended stating that the LNG tankers, which are not Indian Flag Vessels, will be required to switch over to Indian Flag Vessles after the tonnage tax is introduced in India.

Reinstating of suspended officials

†1643. SHRI KAPIL SIBAL:
SHRI RAM JETHMALANI:

Will the Minister of PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS be pleased to state:

(a) whether it is a fact that certain suspended officials have been reinstated during the last few months prior to completion of enquiry into the cases pertaining to corruption;

(b) if so, the names of officials, and the investigating agencies looking into cases against them; and

(c) the reasons for reinstating them in services prior to the completion of enquires?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS (SHRI HARIN PATHAK): (a) to (c) Suspension is not a penalty and is resorted to for preventing the concerned official(s) from influencing outcome of an inquiry by influencing witnesses/tampering with documents. On a review, as and when the Disciplinary Authority is satisfied that the apprehension of prejudicing evidence/witnesses no longer exists, the suspension may be revoked but the inquiry/investigation/trial continues as before.

The Disciplinary Authority of the respective Administrative Ministry/ Department is competent to decide the issue of reinstatement of an officer placed under suspension. The figures relating to the numbers of suspended officers reinstated in Government service are not centrally maintained.

†Original notice of the question was received in Hindi.